



**2017/2018 TO 2019/20  
MEDIUM TERM REVENUE AND  
EXPENDITURE BUDGET**

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## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

## 1.2 Council Resolutions

On the 31 March 2017 the Council of King Sabata Dalindyebo Local Municipality met in the Town Hall to table and the draft budget of the municipality for the 2017/18 MTREF. .

1. The Council of King Sabata Dalindyebo Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) tables for consultations the 2017/18 MTREF Budget.
  - 1.1. The draft annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. The draft Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 9 on page 22;
    - 1.1.2. The draft Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 10 on page 23;
    - 1.1.3. The draft Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 11 on page 24; and
    - 1.1.4. The draft Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 12 on page 25.
  - 1.2. The draft financial position, cash flow budget, cash-backed reserve/accumulated surplus, and asset management are approved as set out in the following tables:
    - 1.2.1. The draft Budgeted Financial Position as contained in Table 13 on page 26;
    - 1.2.2. Draft Budgeted Cash Flows as contained in Table 14 on page 27;
    - 1.2.3. Draft Cash backed reserves and accumulated surplus reconciliation as contained in Table 15 on page 28;
    - 1.2.4. Draft Asset management as contained in Table 16 on page 29; and
  - 1.2.5. Draft Basic Service Delivery Measurement Table 17 on Page 30
2. The Council of King Sabata Dalindyebo Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables the draft tariffs to be implemented on the 1<sup>st</sup> July 2017 for consultation:
  - 2.1. the draft tariffs for property rates – as set out in Table 3 on page 11
  - 2.2. the draft tariffs for electricity as set out in Table 4 on page 12
  - 2.3. draft refuse removal tariffs as set out in Table 5 on page 15

3. The Council of King Sabata Dalindyebo Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) tables for consultation draft tariffs to be implemented on 1 July 2017 for other services, as set out in Annexures G1 to G21 respectively.
4. To give proper effect to the municipality's annual budget, the Council of King Sabata Dalindyebo Local Municipality tables for consultation :
  - 4.1. Cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

### **1.3 Executive Summary**

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No.85 and 86 were used to guide the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarized as follows:

- The ongoing difficulties in the municipal cash-flows
- The need to re-priorities projects and expenditure within the existing resource envelope given the cash flow realities.
- The increased cost of bulk electricity due to tariff increases from Eskom, which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff as well as the need to fill critical vacancies and the placement of staff.
- Budgeting for plant and fleet as Makhubu Contract has come to an end and no provisions were made for the replacement of fleet. The municipality over the number of years has bought a significant number of the vehicles to reduce the impact of the fleet contract however due to limitations in the budget and cash-flow few items of plant and equipment were bought during this time.

## BUDGET PRINCIPLES

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were considered as the upper limits for the new baselines for the 2017/2018 annual budget;
- Increase on tariffs for rates, service and other direct income that should be affordable and should generally not exceed inflation as measured by the CPIX, except where there are price increases in the inputs of services that are beyond the control of the municipality.

In addition, tariffs need to move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;

## BUDGET ASSUMPTIONS

National treasury has as per Circular 85 and 86 has indicated that the municipalities must apply the following inflation rates to provide for the 2016/17 MTREF.

Fiscal year	2015/16	2016 /17	2017 /18	2018 /19	2019/20
	Actual	Estimate	Forecast		
CPI Inflation	4.6 %	6.4%	6.4%	5.7%	5.6%
Real GDP growth	1.6%	0.5%	1.3%	2%	2.2%

The following assumptions were used in setting tariffs and determining forecasting the expenditure for the MTREF

1. Tariff for property rates and fire brigade fees an increase of 6.4% for the current year and 5.7% and 5.6% for the two outer years respectively as well as provision for the new developments that are still in progress.
2. Refuse removal and increase of 7.4% for the current year 6.7% and 6.6% for the two outer years respectively. Due to inability to recover costs and also attempts to move towards cost recovery let to increases above the inflation rate as the municipality is attempting to at breakeven between sales and costs.
3. Electricity tariff guidance by the NERSA used to increase tariffs for electricity and an increase in bulk purchases of 8%
4. All other tariffs to be set at the inflation rate. Refer to discussion of tariffs for detailed explanation on individual tariffs on the Operating Revenue Framework Section below.
5. National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper

boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/2018 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2017/2018 MTREF**

TABLE 1 Consolidated Overview of the 2017/18 MTREF			
Vote Description	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Total Revenue by Vote</b>	1 183 098	1 273 437	1 363 003
<b>Total Expenditure by Vote</b>	1 178 433	1 268 497	1 357 776
<b>Surplus/(Deficit) for the year</b>	<b>4 665</b>	<b>4 940</b>	<b>5 227</b>
<b>Capital Grants Receipts</b>	116 136	103 294	128 441
<b>Capital Expenditure</b>	120 801	108 234	133 668

## 1.4 Operating Revenue Framework

For King Sabata Dalindyebo to continue improving the quality of services provided to its citizens it needs to generate the required revenue. This is vital as there is a high rate of employment in the area and high levels of indigence. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The municipality is faced with development backlogs and poverty.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 % collection current debts and 20% on arrear debt for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Attempts to achieve a full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

**TABLE 2 SUMMARY OF REVENUE CLASSIFIED BY MAIN REVENUE SOURCE**

EC157 King Sabata Dalindyebo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref 1	2013/14 Audited Outcome	2014/15 Audited Outcome	2015/16 Audited Outcome	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
					Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	242 248	275 056	290 459
Service charges - electricity revenue	2	-	-	-	-	-	-	-	388 764	431 438	456 462
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	43 048	51 502	54 386
Service charges - other									7 420	7 842	8 282
Rental of facilities and equipment									19 319	20 421	21 564
Interest earned - external investments									3 526	3 727	3 936
Interest earned - outstanding debtors									37 807	39 962	42 200
Dividends received											
Fines, penalties and forfeits									4 691	4 958	5 236
Licences and permits									17 168	18 147	19 163
Agency services											
Transfers and subsidies									294 988	308 652	323 964
Other revenue	2	-	-	-	-	-	-	-	6 561	6 935	7 323
Gains on disposal of PPE									1 422	1 503	1 587
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	-	-	-	-	-	-	1 066 981	1 170 143	1 234 562

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues are budgeted for R725.7 million comprise approximately 67.9% total revenue mix (Excluding Capital Grant income as reflected in operating expenditure table).

- Operating grants and transfers totals R295 million being 27.3 % of the 2017/2018 budget excluding capital grants income.

**REVISION OF TARIFFS FOR RATES, REFUSE AND OTHER CHARGES**

Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows:

**1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The property rates tariff will be increased by 6.4%.

The implementation of the new valuation will necessitate the following changes in the municipal rates policy and bylaw to take into account the increase in values:

- o The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R45 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy.
- o 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy. In this regard the following stipulations are relevant:
  - For physically and mentally disabled persons an application has to be made
  - Owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year.

The following conditions should be met:-

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

- o The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

**Table 3 Proposed property rates tariffs to be levied for 2017/2018**

ESTIMATES OF INCOME AND EXPENDITURE- TARIFFS AS FROM 01 JULY 2016			
	2016/2017	2017/2018	
<b>PROPERTY PRATES AND LEVIES</b>			
<b>Proposed increment 2015/16</b>			
General Rate			
Domestic (cents in a Rand)	0,65538 Cents in a Rand	0,69732	Cents in a Rand
Business/ Commercial (cents in a Rand)	1,31075 Cents in a Rand	1,39464	Cents in a Rand
Government/ Parastatals (State Owned) (cents in a Rand)	1,96613 Cents in a Rand	2,09196	Cents in a Rand
Agricultural (cents in a Rand)	0,16500 Cents in a Rand	0,17556	Cents in a Rand
PSI (cents in a Rand)	0,16500 Cents in a Rand	0,17556	Cents in a Rand
Public Benefit Organisation	0,16500 Cents in a Rand	0,17556	Cents in a Rand
Parking Development Rate (cents in a Rand)	0,20254 Cents in a Rand	0,21550	Cents in a Rand
<b>Fire Levy</b>			
Domestic - Per annum	331,49	352,71	
Business/ Commercial Per Annum	596,71	634,90	

**The recommended increase in property rates is set at 6.6 % in line with the NT guidelines.**

#### 1.4.2 Sale of Electricity and Impact of Tariff Increases

- NERSA has announced the revised bulk electricity pricing structure. NERSA has approved an increase of Eskom tariffs of 2.2 % which translates to 031% to due to differential years between Eskom and municipalities.
- The municipality implemented stepped tariff for prepaid consumers, it is evident that most of our consumers fall on the lowest tariff and as a result municipality is selling electricity below the average cost of providing electricity and this might lead to possible losses in the losses on the prepaid sales. It is thus recommended that a flat rate tariff be established and if approved by the NERSA be implemented from the 01<sup>st</sup> July 2017

The following table shows the impact of the proposed increases in electricity tariffs:

**TABLE 4 COMPARISON BETWEEN CURRENT ELECTRICITY CHARGES AND INCREASES.**

ITEM NO.	ELECTRICITY TARIFFS	2016/2017	2017/2018
	<b>Domestic Tariffs</b>		
1	Tariff 1	c/kwh	141,00
1,1	<b>Domestic prepayment</b>	c/kwh	115,00
	<b>2 COMMERCIAL CONVENTIONAL</b>		
2,1	Basic Charge/ month	344,23	371,77
	Energy Charge	156,7	169,24
	<b>3 COMMERCIAL PREPAYMENT</b>		
	Energy charge/ kwh		
	Small (Tariff 3)	188,06	203,10
	Big (Tariff 4)	188,06	203,10
	<b>INDUSTRIAL LOW</b>		
4	≤ 100 KVA		
	Basic Charge/ month	1167,29	1260,67
	Energy Charge/ Kwh	81,70	88,24
	Demand Charge/ KVA	248,20	268,06
	<b>INDUSTRIAL HIGH</b>		
	> 100 KVA		
	Basic Charge/ month	1022,83	1104,66
	Energy Charge/ Kwh	58,39	63,06
	Demand Charge/ KVA	248,26	268,12

*A minimum of 70% will be charged on all NMD capacity per month*

5	CHARGES FOR SERVICES RENDERED	2016/2017	2017/2018
5,1	Call out during working hours	384,23	408,82
5,2	Call out after hours	551,89	587,21
5,3	Disconnect at request of consumer	376,90	401,02
5,4	Disconnect for improper use of service or illegal connection	686,60	2700,00
5,5	Disconnect for nonpayment of account	562,61	598,61

#### 1.4.3 Solid Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is recommended that the municipality work towards recouping the costs associated with the rendering of this service and as such tariffs should be cost driven. It is widely accepted that the rendering of this service should at least break even, which is currently not the case.

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are hiring costs, increases in general expenditure and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 7.4 per cent increase in the waste removal tariff is proposed from 1 July 2017. Higher increases will not be viable in 2017/2018 owing to the significant increases implemented

in previous financial years as well as the overall impact of higher than inflation increases of other services.

The following table compares current and proposed amounts payable from 1 July 2017:

**Table 5 Comparison between current waste removal fees and increases**

		ESTIMATES OF INCOME AND EXPENDITURE- TARIFFS AS FROM 01 JULY 2017	
		2016/2017	2017/2018
3,0	<b>SOLID WASTE : Proposed increment 6.4%</b>		
	Refuse Removal : Full Level of Service		
	<b>Annual Charges</b>		
3.1.1	Domestic (2 bags or bins once per week)	2212,54	2376,27
3.1.2	Commercial/Industrial/Institutional (2 bins or bags once per week)	4450,35	4779,68
3.1.3	Per additional bag or bin	2212,54	2376,27
3.1.4	Per additional service removal per week	4450,35	4779,68
3.1.5	240 L Bin rental per annum		
	Emptying charge of 240L bin per annum		
4,2	Refuse Removal : Full Level of Service		
	<b>Monthly Charges</b>	186,65	200,47
4.2.1	Domestic (2 bags or bins once per week)	4,60	4,94
4.2.2	Commercial/Industrial/Institutional (2 bins or bags once per week)	186,65	200,47
4.2.3	Per additional bag or bin	375,38	403,16
4.2.4	Per additional service removal per week		
4.2.5	240L Bin rental per month	12,84	13,79
4.2.6	240L Bin Clearance / per bin	26,75	28,73
4.2.7	Emptying charge of 240L bin : Household per month	106,76	114,67
4,3	Refuse Removal : Basic Level of Service		
	<b>Annual Charges</b>		
4.3.1	Domestic	1264,30	1357,86
4.3.2	Business/Industry	2958,46	3177,39
4.3.3	Government Institutions	2958,46	3177,39
4.3.4	Coffee Bay & Hole-in-the-Wall		
4,4	<b>Refuse Removal : Basic Level of Service</b>		
	<b>Monthly Charges</b>		
4.4.1	Domestic	106,77	114,67
4.4.2	Business/Industry	249,07	267,51
4.4.3	Government Institutions	249,07	267,51

#### 1.4.4 Other direct income

The tariff increase on direct income is budgeted for at 6.4 % in line with the recommendations per circulars

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit. Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA. Operational gains and efficiencies will be directed to funding the capital budget and other core services; and strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a summary of the 2017/2018 budget and MTREF (classified per main type of operating expenditure):

**Table 6 Summary of operating expenditure by standard classification item**

Description R thousand	Ref 1	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Expenditure By Type</b>											
Employee related costs	2	-	-	-	-	-	-	-	422 757	451 082	480 854
Remuneration of councilors									26 732	28 523	30 406
Debt impairment	3								26 053	29 708	31 431
Depreciation & asset impairment	2	-	-	-	-	-	-	-	165 723	218 340	202 035
Finance charges									28 461	30 141	31 889
Bulk purchases	2	-	-	-	-	-	-	-	285 635	285 386	335 892
Other materials	8										
Contracted services		-	-	-	-	-	-	-	7 982	8 463	8 943
Transfers and subsidies		-	-	-	-	-	-	-	24 000	25 416	34 324
Other expenditure	4,5	-	-	-	-	-	-	-	189 089	191 449	202 003
Loss on disposal of PPE											
<b>Total Expenditure</b>		-	-	-	-	-	-	-	<b>1 178 433</b>	<b>1 268 497</b>	<b>1 357 776</b>

### 1.5.1. Employee related costs.

The budgeted allocation for employee related costs for the 2017/2018 financial year totals R422.8million after an increase of 7.4%. The budget is 35.9% of the total operating expenditure and 39.6 % of the revenue excluding capital grant income.

### 1.5.2. Remuneration of councilors

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The budget for this expenditure is set at R26.7 million after affecting an increment of 7.4 %. This represents 2.3 % of the total operating expenditure and 2.5% of total operating revenue budget excluding capital operating grant income.

Employee related costs including remuneration of councilors is 37.7% of the total operating budget

### **1.5.3. Debt impairment**

The provision of debt impairment was determined based on an annual historical costs and changes in accounting statements. The assumption is that the implementation of the debt collection strategy might yield good results. The budget for the debt impairment is R28 million.

### **1.5.4. Depreciation and impairment of assets.**

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. The budget for depreciation and the impairment of assets is set R165.7 million based on prior year actual.

### **1.5.5. Finance Charges**

Interest on external loans is budgeted for at R28.4 million after taking into account loans outstanding at the period as well as possible finance lease obligations.

### **1.5.6. Electricity bulk purchases**

Bulk purchases are directly informed by the purchase of electricity from Eskom which has been confirmed by NERSA to be 2.2 % effectively being 0.31%. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The budget for the year is R285.6 million after considering R34.2 million for the settlement of outstanding debts in terms settlement agreement with ESKOM. This is in terms of MFMA circular 86.

### **1.5.7. Contracted Services**

Contracted services is budgeted at R7.9 million.

### **1.5.8. Other general expenditure**

Other expenditure comprises of various line items relating to the daily operations of the municipality. The budget is set at R189.1 million for general expenditure. Included in the other expenditure are the following line items

#### **Repairs and Maintenance**

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and budget for this line item is set at R43.3 million. This represents 3.6 % of the total operating budget.

The norm is 8% and 40% of the PPE and Capital Budget respectively however the municipality due to cash flow challenges has not managed to meet the norms.

**General expenses other**

General expenditure is budgeted for at R145.8 million

**1.5.9 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The budget for the current year is R24 million to cater for free basic electricity, alternative energy and subsidy for rates and other services.

## 1.6 CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote:

For 2016/17 an amount of R259 millions of which R241 million is funded by grants and R14.6 million is funded by own income. Refer to table below:

**Table 7 2017/2018 Medium-term capital budget per vote**

EC157 King Sabata Dalindyebo - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	Ref 1	2013/14 Audited Outcome	2014/15 Audited Outcome	2015/16 Audited Outcome	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
					Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ASSET MANAGEMENT		-	-	-	-	-	-	-	3 293	3 488	3 690
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	284	300	318
Vote 5 - HUMAN SETTLEMENT		-	-	-	-	-	-	-	10 076	81	86
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	200	212	224
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	319	338	358
Vote 8 - INFRASTRUCTURE		-	-	-	-	-	-	-	108 628	103 315	128 992
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	120 801	108 234	133 668
Total Capital Expenditure - Vote		-	-	-	-	-	-	-	120 801	108 234	133 668
Funded by:											
National Government									98 418	103 294	128 441
Provincial Government									17 719		
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	-	-	-	-	116 136	103 294	128 441
Public contributions & donations	5										
Borrowing	6								4 665	4 940	5 227
Internally generated funds											
Total Capital Funding	7	-	-	-	-	-	-	-	120 801	108 234	133 668

## 1.7 ANNUAL BUDGET TABLES

Below are budget main schedules as prescribed by the National Treasury in terms of the Municipal Budget Reporting Regulations.

**Table 8 MBRR Table A1-Budget Summary**

EC157 King Sabata Dalindyebo - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework			
	R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Financial Performance</b>											
Property rates	-	-	-	-	-	-	-	-	242 248	275 056	290 459
Service charges	-	-	-	-	-	-	-	-	453 501	490 783	510 130
Investment revenue	-	-	-	-	-	-	-	-	3 626	3 727	3 936
Transfers recognised - operational	-	-	-	-	-	-	-	-	294 988	308 652	323 964
Other own revenue	-	-	-	-	-	-	-	-	88 988	91 925	97 073
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	-	-	-	-	-	-	1 081 231	1 170 144	1 234 562
Employee costs	-	-	-	-	-	-	-	-	422 757	451 082	480 854
Remuneration of councillors	-	-	-	-	-	-	-	-	26 732	28 523	30 406
Depreciation & asset impairment	-	-	-	-	-	-	-	-	165 723	218 340	202 035
Finance charges	-	-	-	-	-	-	-	-	28 461	30 141	31 889
Materials and bulk purchases	-	-	-	-	-	-	-	-	209 904	265 388	335 892
Transfers and grants	-	-	-	-	-	-	-	-	24 000	25 416	34 324
Other expenditure	-	-	-	-	-	-	-	-	225 124	229 610	242 377
<b>Total Expenditure</b>	-	-	-	-	-	-	-	-	1 182 702	1 268 497	1 357 776
<b>Surplus/(Deficit)</b>	-	-	-	-	-	-	-	-	(111 472)	(98 353)	(123 214)
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	-	-	-	-	116 136	103 294	128 441
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	-	-	-	-	-	-	-	4 665	4 941	5 227
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	-	-	-	-	-	-	-	4 665	4 941	5 227
<b>Capital expenditure &amp; funds sources</b>											
Capital expenditure	-	-	-	-	-	-	-	-	120 801	108 234	133 868
Transfers recognised - capital	-	-	-	-	-	-	-	-	116 136	103 294	128 441
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	4 665	4 940	5 227
<b>Total sources of capital funds</b>	-	-	-	-	-	-	-	-	120 801	108 234	133 868
<b>Financial position</b>											
Total current assets	-	-	-	-	-	-	-	-	190 389	213 141	244 832
Total non current assets	-	-	-	-	-	-	-	-	2 462 568	2 391 283	2 327 669
Total current liabilities	-	-	-	-	-	-	-	-	198 495	165 154	140 081
Total non current liabilities	-	-	-	-	-	-	-	-	116 642	103 819	91 912
Community wealth/Equity	-	-	-	-	-	-	-	-	2 339 820	2 335 451	2 340 608
<b>Cash flows</b>											
Net cash from (used) operating	-	-	-	-	-	-	-	-	232 089	253 263	277 193
Net cash from (used) investing	-	-	-	-	-	-	-	-	(120 801)	(108 234)	(133 868)
Net cash from (used) financing	-	-	-	-	-	-	-	-	15 000	15 000	15 000
<b>Cash/cash equivalents at the year end</b>	-	-	-	-	-	-	-	-	138 770	298 798	467 324
<b>Cash backlog/surplus reconciliation</b>											
Cash and investments available	-	-	-	-	-	-	-	-	18 767	23 266	41 190
Application of cash and investments	-	-	-	-	-	-	-	-	4 516	(44 054)	(75 903)
<b>Balance - surplus (shortfall)</b>	-	-	-	-	-	-	-	-	14 251	67 319	117 093
<b>Asset management</b>											
Asset register summary (WDV)	-	-	-	-	-	-	-	-	2 457 871	2 457 871	2 386 556
Depreciation	-	-	-	-	-	-	-	-	165 723	165 723	218 340
Renewal of Existing Assets	-	-	-	-	-	-	-	-	108 418	103 294	128 441
Repairs and Maintenance	-	-	-	-	-	-	-	-	43 328	43 328	45 885
<b>Free services</b>											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	15 198	15 198	16 414
<b>Households below minimum service level</b>											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	15	15	15
Energy:	-	-	-	-	-	-	-	-	81	81	81
Refuse:	-	-	-	-	-	-	-	-	76	76	76

**Table 9 MBRR Table A2- Budgeted Financial Performance (Revenue and expenditure by Standard Classification).**

EC157 King Sabata Dalindyebo - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description R thousand	Ref 1	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		-	-	-	-	-	-	586 776	642 434	676 530
Executive and council		-	-	-	-	-	-	254	268	283
Finance and administration		-	-	-	-	-	-	586 522	642 166	676 247
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	17 615	6 199	6 546
Community and social services		-	-	-	-	-	-	2 482	773	817
Sport and recreation		-	-	-	-	-	-	140	148	156
Public safety		-	-	-	-	-	-	3 929	4 153	4 386
Housing		-	-	-	-	-	-	11 064	1 125	1 188
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	125 979	120 610	127 474
Planning and development		-	-	-	-	-	-	9 283	6 375	6 742
Road transport		-	-	-	-	-	-	116 696	114 235	120 732
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	466 723	503 904	552 145
Energy sources		-	-	-	-	-	-	422 247	450 892	496 165
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	44 477	53 012	55 980
Other	4	-	-	-	-	-	-	275	291	307
<b>Total Revenue - Functional</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 197 367</b>	<b>1 273 437</b>	<b>1 363 003</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	-	-	-	-	-	585 789	660 229	680 080
Executive and council		-	-	-	-	-	-	88 742	94 323	102 179
Finance and administration		-	-	-	-	-	-	492 641	561 207	572 895
Internal audit		-	-	-	-	-	-	4 406	4 699	5 006
<i>Community and public safety</i>		-	-	-	-	-	-	57 734	42 376	45 156
Community and social services		-	-	-	-	-	-	15 423	16 448	17 529
Sport and recreation		-	-	-	-	-	-	21 480	3 710	3 952
Public safety		-	-	-	-	-	-	17 057	18 192	19 385
Housing		-	-	-	-	-	-	3 773	4 025	4 290
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	160 772	186 126	196 206
Planning and development		-	-	-	-	-	-	44 266	41 086	43 585
Road transport		-	-	-	-	-	-	111 271	139 454	146 667
Environmental protection		-	-	-	-	-	-	5 235	5 586	5 955
<i>Trading services</i>		-	-	-	-	-	-	388 407	379 766	436 334
Energy sources		-	-	-	-	-	-	329 570	317 045	369 534
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	4 162	4 440	4 731
Waste management		-	-	-	-	-	-	54 674	58 282	62 069
Other	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 192 702</b>	<b>1 268 497</b>	<b>1 357 776</b>
<b>Surplus/(Deficit) for the year</b>		-	-	-	-	-	-	4 666	4 940	5 227

**Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

EC157 King Sabata Dalindyebo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	1 436	1 517	1 602
Vote 2 - FINANCE & ASSET MANAGEMENT		-	-	-	-	-	-	573 329	632 377	668 246
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	784	517	546
Vote 4 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		-	-	-	-	-	-	12 769	550	581
Vote 5 - HUMAN SETTLEMENT		-	-	-	-	-	-	12 716	2 871	3 032
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	54 345	59 092	62 065
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	25 134	28 567	28 054
Vote 8 - INFRASTRUCTURE		-	-	-	-	-	-	516 855	549 946	600 876
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	-	-	-	-	-	-	1 197 367	1 273 437	1 363 003
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	97 146	103 287	109 731
Vote 2 - FINANCE & ASSET MANAGEMENT		-	-	-	-	-	-	390 199	456 623	462 157
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	40 467	42 766	45 484
Vote 4 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		-	-	-	-	-	-	28 045	26 942	28 703
Vote 5 - HUMAN SETTLEMENT		-	-	-	-	-	-	29 449	31 408	33 465
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	79 965	80 813	85 685
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	114 135	121 760	129 772
Vote 8 - INFRASTRUCTURE		-	-	-	-	-	-	413 295	404 900	462 779
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	-	-	-	-	-	-	1 192 702	1 268 497	1 357 776
<b>Surplus/(Deficit) for the year</b>	2	-	-	-	-	-	-	4 665	4 940	5 227

**Table 11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

EC157 King Sabata Dalindyebo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref 1	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	-	-	-	-	-	-	-	242 248	275 056	290 459
Service charges - electricity revenue	2	-	-	-	-	-	-	-	403 033	431 438	456 462
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	43 048	51 502	54 386
Service charges - other									7 420	7 843	8 282
Rental of facilities and equipment									19 319	20 421	21 564
Interest earned - external investments									3 526	3 727	3 936
Interest earned - outstanding debtors									37 807	39 962	42 200
Dividends received									-	-	-
Fines, penalties and forfeits									4 691	4 958	5 236
Licences and permits									17 168	18 147	19 163
Agency services									-	-	-
Transfers and subsidies									294 988	308 652	323 964
Other revenue	2	-	-	-	-	-	-	-	6 551	6 935	7 323
Gains on disposal of PPE									1 422	1 503	1 587
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	-	-	-	-	-	-	1 081 231	1 170 144	1 234 562
<b>Expenditure By Type</b>											
Employee related costs	2	-	-	-	-	-	-	-	422 757	451 082	480 854
Remuneration of councillors									26 732	28 523	30 406
Debt impairment	3								28 053	29 708	31 431
Depreciation & asset impairment	2	-	-	-	-	-	-	-	165 723	218 340	202 035
Finance charges									28 461	30 141	31 889
Bulk purchases	2	-	-	-	-	-	-	-	299 904	285 386	335 892
Other materials	8								-	-	-
Contracted services		-	-	-	-	-	-	-	7 982	8 453	8 943
Transfers and subsidies		-	-	-	-	-	-	-	24 000	25 416	34 324
Other expenditure	4, 5	-	-	-	-	-	-	-	189 089	191 449	202 003
Loss on disposal of PPE									-	-	-
<b>Total Expenditure</b>		-	-	-	-	-	-	-	1 192 702	1 258 497	1 357 776
<b>Surplus/(Deficit)</b>		-	-	-	-	-	-	-	(111 472)	(98 353)	(123 214)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									116 136	103 294	128 441
Transfers and subsidies - capital (monetary allocations) (National / Provincial / Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (In-kind - all)									-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		-	-	-	-	-	-	-	4 665	4 941	5 227
Taxation									-	-	-
<b>Surplus/(Deficit) after taxation</b>		-	-	-	-	-	-	-	4 665	4 941	5 227
Attributable to minorities									-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		-	-	-	-	-	-	-	4 665	4 941	5 227
Share of surplus/ (deficit) of associate	7								-	-	-
<b>Surplus/(Deficit) for the year</b>		-	-	-	-	-	-	-	4 665	4 941	5 227

**Table 12 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

EC157 King Sabata Dalindyebo - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	Ref 1	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital Expenditure - Functional</b>											
<i>Governance and administration</i>		-	-	-	-	-	-	-	3 293	3 488	3 690
Executive and council											
Finance and administration									3 293	3 488	3 690
Internal audit											
<i>Community and public safety</i>		-	-	-	-	-	-	-	10 680	720	761
Community and social services										110	117
Sport and recreation										250	264
Public safety										319	338
Housing										10 000	
Health											
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	91 416	88 590	93 754
Planning and development										7 719	
Road transport										83 697	88 590
Environmental protection											93 754
<i>Trading services</i>		-	-	-	-	-	-	-	15 412	15 437	35 462
Energy sources										15 212	15 225
Water management											35 238
Waste water management										180	191
Waste management										20	21
<i>Other</i>											22
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	-	-	-	-	-	-	-	<b>120 801</b>	<b>108 234</b>	<b>133 668</b>
<b>Funded by:</b>											
National Government									98 418	103 294	128 441
Provincial Government										17 719	
District Municipality											
Other transfers and grants											
<b>Transfers recognised - capital</b>	<b>4</b>	-	-	-	-	-	-	-	<b>116 136</b>	<b>103 294</b>	<b>128 441</b>
<b>Public contributions &amp; donations</b>	<b>5</b>										
<b>Borrowing</b>	<b>6</b>										
<b>Internally generated funds</b>										4 665	4 940
<b>Total Capital Funding</b>	<b>7</b>	-	-	-	-	-	-	-	<b>120 801</b>	<b>108 234</b>	<b>133 668</b>

**Table 13 MBRR Table A6 - Budgeted Financial Position**

EC157 King Sabata Dalindyebo - Table A6 Budgeted Financial Position

Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19
<b>ASSETS</b>										
Current assets										
Cash									1 450	22 424
Call investment deposits	1	-	-	-	-	-	-	-	18 766	18 766
Consumer debtors	1	-	-	-	-	-	-	-	151 763	124 997
Other debtors									11 438	55 614
Current portion of long-term receivables										95 733
Inventory	2								8 422	9 264
<b>Total current assets</b>		-	-	-	-	-	-	-	<b>190 389</b>	<b>213 141</b>
Non current assets										
Long-term receivables										
Investments									205 205	245 804
Investment property										288 020
Investment in Associate										
Property, plant and equipment	3	-	-	-	-	-	-	-	2 251 480	2 139 714
Agricultural										
Biological										
Intangible									1 186	1 087
Other non-current assets									4 697	3 570
<b>Total non current assets</b>		-	-	-	-	-	-	-	<b>2 462 568</b>	<b>2 391 283</b>
<b>TOTAL ASSETS</b>		-	-	-	-	-	-	-	<b>2 652 957</b>	<b>2 604 424</b>
<b>LIABILITIES</b>										
Current liabilities										
Bank overdraft	1									
Borrowing	4	-	-	-	-	-	-	-	24 072	24 072
Consumer deposits										
Trade and other payables	4	-	-	-	-	-	-	-	15 719	15 719
Provisions										
<b>Total current liabilities</b>		-	-	-	-	-	-	-	<b>196 495</b>	<b>165 154</b>
Non current liabilities										
Borrowing		-	-	-	-	-	-	-	80 096	67 583
Provisions		-	-	-	-	-	-	-	36 546	36 236
<b>Total non current liabilities</b>		-	-	-	-	-	-	-	<b>116 642</b>	<b>103 819</b>
<b>TOTAL LIABILITIES</b>		-	-	-	-	-	-	-	<b>313 137</b>	<b>268 973</b>
<b>NET ASSETS</b>	5	-	-	-	-	-	-	-	<b>2 339 820</b>	<b>2 335 451</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)										
Reserves	4	-	-	-	-	-	-	-	1937 927	1948 417
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	-	-	-	-	-	-	-	<b>2 339 820</b>	<b>2 335 451</b>
										<b>2 340 508</b>

**Table 14 MBRR Table A7 - Budget cash flow statement**

EC157 King Sabata Dalindyebo - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Property rates									241 657	274 915	290 860
Service charges									453 892	492 298	520 851
Other revenue									47 610	50 419	53 343
Government - operating	1								294 988	308 652	323 964
Government - capital	1								116 136	103 294	128 441
Interest									41 222	43 655	46 186
Dividends									-	-	-
Payments											
Suppliers and employees									(910 975)	(964 412)	(1 020 240)
Finance charges									(28 461)	(30 141)	(31 889)
Transfers and Grants	1								(24 000)	(25 416)	(34 324)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>232 089</b>	<b>253 263</b>	<b>277 193</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets									(120 801)	(108 234)	(133 668)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(120 801)</b>	<b>(108 234)</b>	<b>(133 668)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans									-	-	-
Borrowing long term/financing									15 000	15 000	15 000
Increase (decrease) in consumer deposits									-	-	-
Payments									-	-	-
Repayment of borrowing									-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 000</b>	<b>15 000</b>	<b>15 000</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126 268</b>	<b>160 029</b>	<b>158 526</b>
Cash/cash equivalents at the year begin:	2								12 502	138 770	298 798
Cash/cash equivalents at the year end:	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138 770</b>	<b>298 798</b>	<b>457 324</b>

**Table 15 MBRR Table 8 Cash backed reserves / accumulated surplus reconciliation**

EC157 King Sabata Dalindyebo - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	138 770	298 798	457 324
Other current investments > 90 days		-	-	-	-	-	-	-	(120 003)	(275 533)	(416 134)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and Investments available:</b>		-	-	-	-	-	-	-	18 767	23 266	41 190
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	-	-	1 470	(47 100)	(78 949)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	3 046	3 046	3 046
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and Investments:</b>		-	-	-	-	-	-	-	4 516	(44 054)	(75 903)
<b>Surplus(shortfall)</b>		-	-	-	-	-	-	-	14 231	67 319	117 093

**Table 16 MBRR Table A9 – Assets Management**

R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CAPITAL EXPENDITURE</b>			
<b>Total New Assets</b>	<b>12 384</b>	<b>4 940</b>	<b>4 867</b>
Infrastructure	–	–	–
Community Facilities	7 719	–	–
Sport and Recreation Facilities	–	–	–
Community Assets	<b>7 719</b>	–	–
Investment properties	–	–	–
Operational Buildings	492	521	551
Housing	–	–	–
Other Assets	<b>492</b>	<b>521</b>	<b>551</b>
Intangible Assets	–	–	–
Computer Equipment	3 042	3 222	3 049
Furniture and Office Equipment	–	–	–
Machinery and Equipment	600	636	673
Transport Assets	531	562	594
<b>Total Renewal of Existing Assets</b>	<b>108 418</b>	<b>103 294</b>	<b>128 441</b>
Roads Infrastructure	83 418	88 294	93 441
Storm water Infrastructure	–	–	–
Electrical Infrastructure	15 000	15 000	35 000
Infrastructure	<b>98 418</b>	<b>103 294</b>	<b>128 441</b>
Community Facilities	–	–	–
Sport and Recreation Facilities	–	–	–
Housing	10 000	–	–
Other Assets	<b>10 000</b>	–	–
<b>Total Capital Expenditure</b>	<b>83 418</b>	<b>88 294</b>	<b>93 441</b>
Roads Infrastructure	–	–	–
Storm water Infrastructure	15 000	15 000	35 000
Electrical Infrastructure	<b>98 418</b>	<b>103 294</b>	<b>128 441</b>
Infrastructure	7 719	–	–
Community Facilities	–	–	–
Sport and Recreation Facilities	–	–	–
Community Assets	<b>7 719</b>	–	–
Investment properties	–	–	–
Operational Buildings	492	521	551
Housing	10 000	–	–
Other Assets	<b>10 492</b>	<b>521</b>	<b>551</b>
Biological or Cultivated Assets	–	–	–
Servitudes	–	–	–
Licences and Rights	–	–	–
Intangible Assets	–	–	–
Computer Equipment	3 042	3 222	3 049
Furniture and Office Equipment	–	–	–
Machinery and Equipment	600	636	673
Transport Assets	531	562	594
Libraries	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>120 801</b>	<b>108 234</b>	<b>133 308</b>

<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>			
<i>Roads Infrastructure</i>	758 981	530 555	330 777
<i>Storm water Infrastructure</i>	296 186	296 186	308 339
<i>Electrical Infrastructure</i>	191 264	191 264	207 150
<b>Infrastructure</b>	<b>1 246 432</b>	<b>1 018 006</b>	<b>846 266</b>
Community Facilities			
Sport and Recreation Facilities	363 470	455 885	468 167
<b>Community Assets</b>	<b>363 470</b>	<b>455 885</b>	<b>468 167</b>
<b>Heritage Assets</b>			
Revenue Generating		4 697	4 697
Non-revenue Generating		205 205	245 804
<b>Investment properties</b>	<b>205 205</b>	<b>245 804</b>	<b>288 020</b>
Operational Buildings	387 753	416 696	463 124
Housing	189 936	189 936	189 936
<b>Other Assets</b>	<b>577 690</b>	<b>606 632</b>	<b>653 061</b>
<b>Biological or Cultivated Assets</b>			
Servitudes		1 186	1 067
Licences and Rights			3 570
<b>Intangible Assets</b>	<b>1 186</b>	<b>1 067</b>	<b>3 570</b>
<b>Transport Assets</b>	<b>20 830</b>	<b>20 830</b>	<b>20 830</b>
Libraries	43 058	38 361	43 058
Zoo's, Marine and Non-biological Animals			
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>2 457 871</b>	<b>2 386 586</b>	<b>2 322 972</b>
<b>EXPENDITURE OTHER ITEMS</b>			
<b>Depreciation</b>	165 723	218 340	202 035
<b>Repairs and Maintenance by Asset Class</b>	<b>43 328</b>	<b>45 885</b>	<b>48 546</b>
<i>Roads Infrastructure</i>	25 148	26 631	28 176
<i>Storm water Infrastructure</i>	~	~	~
<i>Electrical Infrastructure</i>	11 746	12 439	13 160
<i>Water Supply Infrastructure</i>	153	162	171
<i>Sanitation Infrastructure</i>	95	101	106
<b>Infrastructure</b>	<b>37 141</b>	<b>39 332</b>	<b>41 614</b>
<b>Investment properties</b>			
Operational Buildings	2 222	2 353	2 490
Housing	~	~	~
<b>Other Assets</b>	<b>2 222</b>	<b>2 353</b>	<b>2 490</b>
<b>Intangible Assets</b>			
Computer Equipment	21	22	24
Furniture and Office Equipment	50	53	56
Machinery and Equipment	~	~	~
<b>Transport Assets</b>	<b>3 894</b>	<b>4 123</b>	<b>4 363</b>
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>209 051</b>	<b>264 224</b>	<b>250 580</b>

**Table 17 MBRR Table A10 – Ser Del**

Description	2017/18 Medium Term Revenue & Expenditure Framework			
	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>				
<b>Water:</b>				
Piped water inside dwelling	–	42 626	42 626	42 626
Piped water inside yard (but not in dwelling)	–	24 405	24 405	24 405
Using public tap (at least min.service level)	–	–	–	–
Other water supply (at least min.service level)	–	–	–	–
	<i>Minimum Service Level and Above sub-total</i>			
Using public tap (< min.service level)	–	67 031	67 031	67 031
Other water supply (< min.service level)	–	–	–	–
No water supply	–	–	–	–
	<i>Below Minimum Service Level sub-total</i>			
<b>Total number of households</b>	–	67 031	67 031	67 031
<b>Sanitation/sewerage:</b>				
Flush toilet (connected to sewerage)	–	37 356	37 356	37 356
Flush toilet (with septic tank)	–	–	–	–
Chemical toilet	–	–	–	–
Pit toilet (ventilated)	–	53 138	53 138	53 138
Other toilet provisions (> min.service level)	–	–	–	–
	<i>Minimum Service Level and Above sub-total</i>			
Bucket toilet	–	90 494	90 494	90 494
Other toilet provisions (< min.service level)	–	496	496	496
No toilet provisions	–	14 416	14 416	14 416
	<i>Below Minimum Service Level sub-total</i>			
<b>Total number of households</b>	–	14 912	14 912	14 912
	<i>105 406</i>			
<b>Energy:</b>				
Electricity (at least min.service level)	–	450	450	450
Electricity - prepaid (min.service level)	–	76 732	76 732	76 732
	<i>Minimum Service Level and Above sub-total</i>			
Electricity (< min.service level)	–	77 182	77 182	77 182
Electricity - prepaid (< min. service level)	–	60 464	60 464	60 464
Other energy sources	–	20 888	20 888	20 888
	<i>Below Minimum Service Level sub-total</i>			
<b>Total number of households</b>	–	–	–	–
	<i>81 352</i>			
<b>Refuse:</b>				
Removed at least once a week	–	158 534	158 534	158 534
	<i>Minimum Service Level and Above sub-total</i>			
Removed less frequently than once a week	–	27 562	27 562	27 562
Using communal refuse dump	–	27 562	27 562	27 562
Using own refuse dump	–	64 603	64 603	64 603
Other rubbish disposal	–	–	–	–
No rubbish disposal	–	–	–	–
	<i>Below Minimum Service Level sub-total</i>			
<b>Total number of households</b>	–	11 494	11 494	11 494
	<i>76 097</i>			
<b>Households receiving Free Basic Service</b>				
Water (6 kilolitres per household per month)	–	103 659	103 659	103 659

Sanitation (free minimum level service)	-	-	-	-
Electricity/other energy (50kwh per household per month)	-	-	-	-
Refuse (removed at least once a week)	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>				
Water (6 kilolitres per indigent household per month)	-	-	-	-
Sanitation (free sanitation service to <b>Indigent households</b> )	-	-	-	-
Electricity/other energy (50kwh per <b>indigent household</b> per month)	-	-	-	-
Refuse (removed once a week for <b>indigent households</b> )	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>				
<b>Total cost of FBS provided</b>	-	-	-	-
<b>Highest level of free service provided per household</b>				
Property rates (R value threshold)		60 000	60 000	60 000
Water (kilolitres per household per month)				
Sanitation (kilolitres per household per month)				
Sanitation (Rand per household per month)				
Electricity (kwh per household per month)		50	50	50
Refuse (average litres per week)		8	8	8
<b>Revenue cost of subsidised services provided (R'000)</b>				
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)				
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)				
Water (in excess of 6 kilolitres per indigent household per month)	-	15 198	16 414	17 727
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	-
Municipal Housing - rental rebates				
Housing - top structure subsidies				
Other				
<b>Total revenue cost of subsidised services provided</b>	-	15 198	16 414	17 727

## Part 2 – Supporting Documentation

### 2.1. Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1. Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year i.e. in August a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget processes tabled in a council the IDP and Budget Process Plan. Key dates applicable to the process were:

## 2.2 FINAL BUDGET PROCESS PLAN 2017/2018

Refer to annexure

## 1.3. Municipal manager's quality certificate

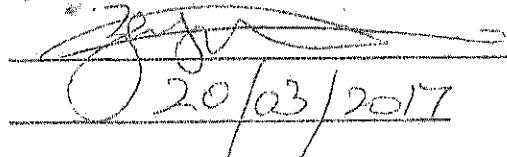
I, M. ZENZILE, municipal manager of King Sabata Dalindyebo, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name : MLAMLI ZENZILE

Municipal Manager of King Sabata Dalindyebo (EC 167)

Signature

Date

  
20/03/2017

## ANNEXURE G – TARIFF STRUCTURE